

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6218

BILL NUMBER: SB 308

DATE PREPARED: Mar 21, 2001

BILL AMENDED: Mar 21, 2001

SUBJECT: Medicaid Payment for Emergency Room Services.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

X

IMPACT: State

Summary of Legislation: (Amended) This bill removes the expiration provision from the statute requiring that, under the Medicaid Primary Care Case Management (PCCM) program, certain physician services provided to a program enrollee in a hospital emergency department must be at a rate of 100% of rates payable under the Medicaid fee structure, if the service is authorized by the enrollee's primary medical provider or managed care organization. The bill also applies the 100% reimbursement requirement to the Medicaid Risk-Based Managed Care (RBMC) program if the services are provided by a physician who does not have a contract with the patient's managed care organization. (The introduced version of this bill was prepared by the Interim Study Committee on Medicaid Oversight.)

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) According to the Office of Medicaid Policy and Planning (OMPP), there is no significant fiscal impact able to be determined for this provision as it relates to the PCCM program. Although this provision can potentially affect the Medicaid reimbursement rates used in some situations, it is assumed that generally: (1) emergency room physicians are able to and do seek prior authorization from the patient's primary medical provider before conducting the medical screening examination; or (2) Medicaid recipients can be induced to go to their primary medical provider for routine medical services rather than to a hospital emergency room.

However, OMPP does suggest that there could be additional expenditures faced by the state if managed care organizations in the RBMC program incur increased expenditures to the extent that negotiated capitation rates will be affected. The provision only applies to certain emergency room procedures provided by physicians who don't have a contract with the patient's managed care organization. The extent of the impact is not determined at this time. Expenditures in the Medicaid program are shared with the federal government. The state share is about 38% of total expenditures.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal financial

participation through the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Kathy Gifford, OMPP, (317) 233-4455.